

# House File 2418 - Introduced

HOUSE FILE 2418

BY LYKAM, THEDE, WOOD, and  
WINCKLER

## A BILL FOR

1 An Act relating to the targeted jobs withholding tax credit  
2 program by modifying the number and qualification of cities  
3 that may participate in the program.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 403.19A, subsection 2, Code 2014, is  
2 amended to read as follows:

3 2. a. An eligible city may apply for designation as a pilot  
4 project city pursuant to this subsection. An eligible city is  
5 a city that wholly contains three or more census tracts and is  
6 located in a county meeting one of the following requirements:

7 (1) A county that borders Nebraska.

8 (2) A county that borders South Dakota.

9 (3) A county that borders a state other than Nebraska or  
10 South Dakota.

11 (4) A county that borders Illinois.

12 b. (1) The department of economic development shall  
13 approve ~~four~~ five eligible cities as pilot project cities, one  
14 pursuant to paragraph "a", subparagraph (1), one pursuant to  
15 paragraph "a", subparagraph (2), ~~and~~ two pursuant to paragraph  
16 "a", subparagraph (3), and one pursuant to paragraph "a",  
17 subparagraph (4). The city approved pursuant to paragraph  
18 "a", subparagraph (4), shall have a population of at least  
19 eighty-five thousand six hundred residents but not more than  
20 one hundred ten thousand residents, which city shall be located  
21 in a county with a population of at least one hundred twenty  
22 thousand residents but not more than one hundred seventy  
23 thousand residents, as determined by the 2010 certified federal  
24 census. If two eligible cities are approved which are located  
25 in the same county and the county has a population of less than  
26 forty-five thousand, the two approved eligible cities shall be  
27 considered one pilot project city. If more than two cities  
28 meeting the requirements of paragraph "a", subparagraph (3),  
29 apply to be designated as a pilot project city, the department  
30 of economic development shall determine which two cities hold  
31 the most potential to create new jobs or generate the greatest  
32 capital within their areas. Applications from eligible  
33 cities seeking approval under paragraph "a", subparagraph (1),  
34 (2), or (3), filed on or after October 1, 2006, shall not be  
35 considered. Applications from eligible cities seeking approval

1 under paragraph "a", subparagraph (4), filed on or after January  
2 1, 2015, shall not be considered.

3 (2) If a pilot project city does not enter into a  
4 withholding agreement within one year of its approval as a  
5 pilot project city, the city shall lose its status as a pilot  
6 project city. If two pilot project cities are located in the  
7 same county, the loss of status by one pilot project city shall  
8 not cause the second pilot project city in the county to lose  
9 its status as a pilot project city. Upon such occurrence, the  
10 department of economic development shall take applications from  
11 other eligible cities to replace that city. Another city shall  
12 be designated within six months.

13 (3) On July 1, 2011, the economic development authority  
14 shall assume responsibility for the administration of this  
15 subsection.

16 EXPLANATION

17 The inclusion of this explanation does not constitute agreement with  
18 the explanation's substance by the members of the general assembly.

19 This bill relates to the targeted jobs withholding tax  
20 credit pilot project, which is a program that allows pilot  
21 project cities to enter into withholding agreements with  
22 businesses that meet certain job creation, capital investment,  
23 and private financial support requirements within the city.  
24 Withholding agreements provide for the diversion of a certain  
25 percentage of the gross wages paid by the business to the pilot  
26 project city for a project related to the employer pursuant to  
27 the agreement.

28 Under current law, the program is restricted to four pilot  
29 project cities; one in a county bordering Nebraska, one in a  
30 county bordering South Dakota, and two in counties bordering  
31 states other than Nebraska or South Dakota. However, a county  
32 with a population of less than 45,000 residents may count  
33 two cities as one pilot project city. The current pilot  
34 project cities are Sioux City, Fort Madison, Council Bluffs,  
35 Burlington, and Keokuk.

1     The bill amends the requirement that eligible cities contain  
2 three or more census tracts to specify that eligible cities  
3 wholly contain three or more census tracts.

4     The bill allows an additional eligible city from a county  
5 that borders Illinois to be designated as a pilot project  
6 city. In order to qualify, the city must have a population  
7 of 86,500 to 110,000 residents, and must be located in a  
8 county with a population of 120,000 to 170,000 residents, as  
9 determined by the 2010 certified federal census. The bill  
10 allows applications from eligible cities for designation as  
11 this pilot project city to be filed before January 1, 2015.